

From: Joe Braun [mailto:cj5braun@mac.com]
Sent: Monday, August 21, 2006 1:01 PM
To: Reams, Susan A
Subject: Comment for Three-Tier Task Force

Hello,

I recently moved from California to Washington. (I can see the eyeballs rolling now). Anyway, I had a small wine importing business and held three licenses: (1) an importing license that only allowed me to import the wine. (2) a wholesale license that allowed me to sell to retailers (grocery stores, restaurants, liquor stores etc.) and (3) an off sale license that allowed me to sell to individuals by telephone, internet or email.

Numbers (1) and (2) are not unlike the situation in Washington. Number (3) is evidently not allowed in Washington. My office was in my home. I shipped my wine primarily from France and the wine was stored in a facility (not in my home) that was approved by the California ABC. The sales to individuals were to friends and acquaintances developed by networking and wine seminars. Since my operation was relatively small, I was required to submit sales tax returns (BOE 401 EZ) only two times a year. Each sale was evidenced by a sales receipt showing the name and address of the buyer, the type of wine, number of bottles, prices and tax on the resultant sales.

I was required to report the receipt of wine into the US and pay the tax calculated on the value of the shipment and when the wine arrived in the state of California I also paid a tax. I received a tax form (BOE 501 BW) each month that I was required to submit to the Board of Equalization indicating how much wine I had received and a tax was exacted on that amount. Even if I received no wine in the previous month I was required to file the return each month.

Again as a result of the small size of my operation, I was only required to deposit \$1000 dollars in an account payable to the Board of Equalization that would be jeopardized if I failed to submit each of these tax returns on a timely basis. I'm sure as the size of an operation increased, so was the deposit.

Of course, before I was given these three licenses, I had to submit to an extensive background check, facilities inspection etc. I also had to have a basic permit issued by the BATF. The ABC only allowed a certain number of off sale licenses to be issued in each county.

Since your task force is reviewing the three tier system in Washington, I thought I would submit this information and request that you consider a similar license, or perhaps a waiver to the laws that exist in the State of Washington that would allow a similar operation in Washington. Due to size of my operation and the exclusive nature of the product, I didn't think it diluted the efforts or retailers, distributors or importers. If you require any further information please feel free to contact me and I would be happy to supply what I know from my side of the equation.

Sincerely,

Joe Braun

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